

Message Text

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ACTION EA-14

INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03

NSC-07 PA-04 PRS-01 SS-20 USIA-15 ABF-01 FSE-00 SR-02

ORM-03 IO-14 AGR-20 SWF-02 HUD-02 EUR-25 DRC-01 /224 W
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R 261126Z AUG 74

FM AMEMBASSY PHNOM PENH

TO SECSTATE WASHDC 7456

UNCLAS SECTION 1 OF 2 PHNOM PENH 11400

E.O.11652: N/A

TAGS: EFIN CB

SUBJECT: PRICE ANALYSIS - END OF JULY, 1974

1. THIS MESSAGE PRESENTS SUMMARY DATA CONCERNING PRICE TRENDS IN PHNOM PENH AS OF THE END OF JULY 1974. THE DATA ARE BASED ON THREE INDEXES COMPILED REGULARLY BY EMBASSY OR GKR STAFF: A) THE EMBASSY PRICE INDEX; B) GKR WORKING CLASS INDEX AND C) GKR EUROPEAN CLASS INDEX.

2. THE TRENDS INDICATED IN THE INDEXES SHOULD BE INTERPRETED CAREFULLY. WHILE THE METHOD OF DATA COLLECTION IS BASICALLY SOUND, THE WEIGHTS AND BASIS FOR WEIGHTING IN ALL THREE INDEXES ARE SUSPECT. FOR ONE, WEIGHTS ARE ASSIGNED IN THE GKR INDEXES ON THE BASIS OF 1949 EXPENDITURE PATTERNS. PRICE DATA HAVE BEEN COMPILED ONLY FOR PHNOM PENH IN ALL THREE INDEXES. THE INDEXES AS PRESENTED SHOW END-OF-MONTH CHANGES, AND OBSCURE SUCH EVENTS AS THE AMELIORATING IMPACT ON PHNOM PENH PRICES FROM MID-JULY TO MID-AUGUST RESULTING FROM THE AUGMENTATION OF RIVER SUPPLY CONVOYS ON THE TONLE SAP. THE GKR INSTITUTE OF STATISTICS IS PRESENTLY UNDERTAKING WITH OUR HELP A HOUSEHOLD EXPENDITURE SURVEY IN PHNOM

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PENH TO ESTABLISH A BASIS FOR UPDATING THE INDEX WEIGHTS.

THERE ARE ALSO EFFORTS UNDERWAY TO BEGIN THE SYSTEMATIC COLLECTION OF PRICES FROM RETAIL MARKETS OUTSIDE PHNOM PENH. IT WILL TAKE TIME, HOWEVER, BEFORE THESE EFFORTS CAN BE TRANSLATED INTO MORE ACCURATE PRICE DATA.

3. THE RAPID PRICE INFLATION INDICATED BY THE INDEXES IN THEIR PRESENT STATE, APPEARS VALID. BECAUSE OF A MASS INFUX OF REFUGEES, DECLINING PRODUCTION, AND INTERDICTED OR CLOSED SUPPLY LINES AND MONETARY EXPANSION, PRICES IN PHNOM PENH HAVE BEEN INCREASING IN THE RANGE OF 200-300 PERCENT FOR THE PAST YEAR. WHILE IT MAY DECREASE SOMEWHAT IF THE TONLE SAP REMAINS OPEN, INFLATION WILL PROBABLY CONTINUE IN THIS GENERAL RANGE UNTIL SUCH TIME AS CONDITIONS CAN BE IMPROVED SIGNIFICANTLY.

4. EMBASSY PRICE INDEX (MAY 1971-100) DATA ARE COMPILED BY A LOCAL MEMBER OF THE USAID/ECON STAFF, WHO VISITS PHNOM PENH MARKETS MONDAY, WEDNESDAY AND FRIDAY OF EACH WEEK. INDEX WEIGHTS ARE ASSIGNED BY COMMODITY CATEGORIES, WHICH INCLUDE SEVERAL COMMODITIES SIMILAR IN CHARACTER. INDEX CHANGES FOR EACH CATEGORY REFLECT THE AVERAGE OF PRICE CHANGES FOR COMMODITIES WITHIN EACH CATEGORY. THE OVERALL EMBASSY PRICE INDEX INCREASED BY 18 PERCENT DURING JULY, AND WAS UP BY 103 PERCENT OVER DECEMBER 1973, AND 273 PERCENT OVER JULY OF LAST YEAR. EXCEPT FOR RICE, PRICES IN ALL CATEGORIES ROSE MORE RAPIDLY IN 1974 THAN DURING COMPARABLE PERIODS IN 1973. FISH, MEATS AND VEGETABLES, IN PARTICULAR ARE INCREASING MORE RAPIDLY ACCORDING TO THIS INDEX, AS IS EVIDENT FROM THE TABLE BELOW:

		END OF		PERCENT CHANGE		
		JULY		JUL	JUL	JUL
1974	WEIGHT	INDEX		JUN	DEC	JUL
OVERALL		(5/71-100)				
INDEX	100	2,152		18	103	273
RICE	10	2,154		-1	34	126
FISH	14	1,883		22	122	314
MEAT	14	2,067		45	213	510
FRUIT	4	2,351		13	121	327
VEGETABLES	9	2,634		34	86	303

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FOOD-TOTAL	51	2,156		21	103	282
NON-FOOD	49	2,149		15	104	264
1973						
OVERALL						
INDEX	100	577		7	88	160
RICE	10	955		17	155	490
FISH	14	455		13	69	111
MEAT	14	339		6	71	122

FRUIT	4	550	11	116	159
VEGETABLES	9	652	-16	48	169
FOOD-TOTAL	51	564	6	88	192
NON-FOOD	49	591	8	88	134

5. GKR WORKING CLASS INDEX (1949-100) DATA ARE COMPILED BY OFFICIALS OF THE GKR WHO ALSO VISIT PHNOM PENH MARKETS THREE TIMES WEEKLY. HOWEVER, WEIGHTS ARE ASSIGNED TO INDIVIDUAL COMMODITIES IN THIS INDEX. ACCORDINGLY, THE INDEX CHANGES FOR EACH CATEGORY REPRESENT THE WEIGHTED AVERAGE OF CHANGES IN THE PRICE INCLUDED UNDER EACH CATEGORY.

THE OVERALL WORKING CLASS INDEX ROSE BY 14 PERCENT DURING JULY, AND WAS UP BY 85 PERCENT OVER DECEMBER 1973 AND 277 PERCENT OVER JULY 1973. UNDER THIS INDEX, RICE AND HOUSING PRICES WERE INCREASING AT A CONSIDERABLE SLOWER RATE IN 1974 COMPARED TO 1973. IN FACT, RICE PRICES SHOWED A 7 PERCENT DECLINE BETWEEN DECEMBER 1973 AND JULY 1974. CONVERSELY, CLOTHING, SUNDRIES, AND NON-FOOD PRICES ARE INCREASING MUCH MORE RAPIDLY IN 1974 THAN IN 1973.

		END OF	PERCENT CHANGES		
		JULY	JUL	JUL	JUL
1974	WEIGHT	INDEX	JUN	DEC	JUL
OVERALL		(1949-100)			
INDEX	100	7,234	14	85	277
FOOD	60	10,006	15	82	302
(RICE)	10)	(3,451)	(-2)	(-7)	(45)
HOUSING	20	1,254	0	18	39
CLOTHING	8	3,349	0	140	289
SUNDRIES	12	5,931	10	147	307
NON-FOOD					
TOTAL	40	3,076	6	101	189

1973

OVERALL

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INDEX	100	1,917	9	75	156
FOOD	60	2,487	12	78	184
(RICE)	(10)	(2,380)	(14)	(164)	(414)
HOUSING	20	905	7	68	79
CLOTHING	8	862	16	84	101
SUNDRIES	12	1,456	2	60	93
NON-FOOD					
TOTAL	40	1,063	1	67	89

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INFO OCT-01 ISO-00 AID-20 CIAE-00 COME-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 DODE-00 PM-07 H-03 L-03

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ORM-03 IO-14 AGR-20 SWF-02 HUD-02 EUR-25 DRC-01 /224 W

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R 261126Z AUG 74

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6. GKR EUROPEAN CLASS INDEX (1949-100) DATA ARE COMPILED IN THE SAME MANNER AS THE WORKING CLASS INDEX. HOWEVER, A DOMESTIC EXPENDITURES CATEGORY IS INCLUDED IN THIS INDEX, AND THE WEIGHTS ASSIGNED TO THE VARIOUS COMMODITY CATEGORIES ARE DIFFERENT FROM THOSE IN THE WORKING CLASS INDEX. THE OVERALL EUROPEAN CLASS INDEX ROSE BY 9 PERCENT DURING JULY, AND WAS UP BY 97 PERCENT OVER DECEMBER 1973 AND 205 PERCENT OVER JULY 1973. UNDER THIS INDEX, FOOD PRICES IN GENERAL ARE SHOWING CONSIDERABLY HIGHER INCREASES THEN DURING COMPARABLE PERIODS IN 1973. HOUSING, DOMESTIC EXPENDITURES AND CLOTHING PRICES FOR JULY AND DURING THE FIRST SEVEN MONTHS OF THE YEAR ARE INCREASING LESS RAPIDLY COMPARED TO LAST YEAR.

		END OF		PERCENT CHANGE		
		JULY	JUL	JUL	JUL	JUL
1974	WEIGHTS INDEX			JUN	DEC	JUL
OVERALL	(1949-100)					
INDEX	100	6,814	9	79	205	
FOOD	45	9,819	11	128	272	
(RICE)	(0.5)	(9,673)	(-1)	(72)	(241)	
HOUSING	11	5,927	0	6	39	
DOMESTIC						

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EXPEND. 14 1,361 0 0 34

CLOTHING	11	3,133	3	48	147
SUNDRIES	19	6,357	13	148	307
NON-FOOD					
TOTAL	55	4,355	7	57	129
1973					
OVERALL					
INDEX	100	2,236	11	64	89
FOOD	45	2,642	5	72	105
(RICE)	(0.5)	(2,833)	(1)	(139)	(406)
HOUSING	11	4,266	25	45	52
DOMESTIC					
EXPEND.	14	1,014	5	44	44
CLOTHING	11	1,267	31	99	143
SUNDRIES	19	1,561	1	67	108
NON-FOOD					
TOTAL	55	1,904	18	56	73
KEELEY					

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